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SUBJECT: MEDIA REACTION; IRAQ; ARGENTINE-IMF TIES; ARGENTINE
PRESIDENTIAL CANDIDATE CRISTINA FERNANDEZ DE KIRCHNER; 10/09/07

1. SUMMARY STATEMENT

Weekend international stories include UK Gordon Brown's decision to reduce UK troops deployed in Iraq; ties between the IMF and Argentina; and the risks to be met by Argentine Presidential Candidate Cristina Kirchner if she wins the presidency.

2. OPINION PIECES AND EDITORIALS

- "The US is increasingly alone"

Hugo Alconada Mon, daily-of-record "La Nacisn's" Washington-based correspondent, comments (10/09) "Six months ago, Gordon Brown was on the verge of announcing the partial withdrawal of UK troops from Southern Iraq. However, the White House managed to delay his announcement by arguing that it could complicate the offensive promoted by US Commander David Petraeus.

"Yesterday, the Bush administration reacted with moderate public gestures in view of the withdrawal of 2,500 (UK) soldiers. It lamented in private that the UK was 'fleeing' Iraq when US official sources believe that the right plan is quite the opposite - staying and promoting the stabilization of the country.

"... The US president envisions a 'long-term' presence in Iraq, just like in Germany or South Korea. This possibility is also gaining strength among Democrats who compete to succeed him.

"... In view of the situation, Americans are increasingly isolated in Iraq, where they have deployed 160,000 troops. UK troops and the rest of the so-called 'coalition of the willing' are already withdrawing their troops.

According to Toby Dodge, an academic from the International Institute for Strategic Studies, 'the White House is deeply uncomfortable with this decision.'

"... The strategic value of Southern Iraq lies in its oil fields as well as in its land routes, which are indispensable for the way out of US troops heading for Kuwait and Saudi Arabia.

"... According to 'The Telegraph,' which quoted 'high-ranking US Pentagon members, US 'hawks' promoting the bombing of Iran also believe that Brown's announcement will not alter the support they say they have received last July from the UK for an attack.

"Nevertheless, the UK withdrawal adds a new problem for Petraeus, who will have to 'seal' or at least reduce the porosity of the border between Iran and Iraq by using less reliable troops in order to avoid retaliation against his troops if the bombing is ordered.

"In this scenario, the 180,000 custodians and contractors hired by the US Pentagon and the Department of State in Iraq take on importance, including the questioned Blackwater, Triple Canopy, DynCorp and Halliburton."

- "Argentina and the IMF"

Daily-of-record "La Nacisn" editorializes (10/09) "At a particularly critical moment of the world economy, the Argentine Government's support for the new IMF Managing Director, Dominique Strauss-Kahn, seemed to be a sign of change in the country's relationship with the IMF, which President Kirchner blamed for the country's worst economic crisis..."

"... In the face of (Argentine) presidential elections, official candidate Cristina Fernandez de Kirchner received many signals about the positive effect of an improvement in the country's ties to the IMF..."

"No one questions IMF responsibility for the Argentine crisis. The IMF itself concluded in a report from its Independent Evaluation Office (IEO) that it had been 'too indulgent' with Argentina for 'having maintained its support for the convertibility plan when the latter was no longer sustainable...'"

"This means that the IMF acknowledged its partial responsibility in the crisis, all of which is constructive..."

"However, in spite of the acknowledgement of mistakes, the IMF has had a failing since the time it was founded - the continuity of the 1944 unwritten deal whereby European countries reserve for themselves the right to appoint their managing director and the US has the right to appoint the head of the World Bank..."

"... In the IMF mea culpa regarding Argentina, the multilateral lending agency imposed 'more rigorous standards on itself in the

future'... Rato warned Argentina that it should accelerate the structural reforms included in the three-year program reached in 2003. The Kirchner administration subjected them to the review of the program since monetary and fiscal guidelines had been honored. What remains pending is compensation for local and foreign investors after the December 2001 default.

"In this scenario, the Argentine Government's support for Strauss-Kahn seemed to be a signal of membership. If one member is willing to modify a structure, then one should take part in it. Otherwise, criticism could be interpreted as remarks from a country that did not accept the acknowledgement of third parties' mistakes, and prefers to remain outside of a debate in which it should participate as a member."

- "Cristina's risks"

Leading "Clarín's" political editor Eduardo van der Kooy writes (10/07) "Cristina Fernandez is not a candidate campaigning for presidency. Rather, she seems to behave like a president-elect only three weeks before elections and two months before the transfer of power takes place. Is this miscalculation, a mistake or a strategy?"

"... The strategy could bear fruit in the (presidential election) campaign and also abroad. When US Secretary of State Condoleezza Rice met with FM Jorge Taiana in New York last week, she asked Taiana about how the US-Argentine bilateral relationship could evolve in the future. The new head of the Southern Cone at the US Department of State, Milton Drucker, made a short visit to Buenos Aires to gather information almost exclusively about Cristina. Lula mounted a decorated stage for the candidate with the attendance of the twelve most powerful businessmen in Brazil..."

"Problems for Cristina will unlikely appear during her election campaign. Problems could well appear, if she wins, during the transition period and the first months of her term in office. There are social and economic problems to be met by any triumphant candidate..."

"Cristina's role as a parallel and virtual president will make her share the Kirchner administration's dusk, which seems to have more

shadows than lights, regardless of the social consensus the President attributes to him... The honeymoon every recently elected president enjoys could run the risk of reduction and could pave the way for increasing popular claims.

"Perhaps all these threats led to a soft change in the official campaign. Cristina's trips abroad have come to an end... Instead, she will present herself in the country and perhaps she will have to change her speech, in which big political lines prevail, for another one regarding ordinary difficulties met by Argentines...

"... The government's relationship with the media is not the main problem to be solved by Argentina, but still it is a problem...

"Inflation does pose a big dilemma for everyone. Kirchner is still clinging on some imprecise conspiracies to justify the criticism of the government's price manipulation and the INDEC political disaster... Most opponents... agitate the issue as an omen of chaos. Just for once, Cristina was not able to escape the 'fire' when a Brazilian banker asked her about it."

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